

2005 Diversity Update: Executive Summary

Jamieson & Gutierrez was retained by the Tempe Mayor and City Council to provide them with a Diversity Update of the 2001 Baseline Diversity Audit. The specific objective was to ascertain the progress or regress of the organization's diversity climate since the initial audit. The key components of the baseline audit encompass the structural components of the City's human resource systems, policies and procedures, the workplace diversity climate and recommended actions to improve the City's ability to foster a positive, diverse workforce environment. The Diversity Update Report details the key findings, including what is working well and areas for improvement, as measured by five update studies including a/an:

1. *Comparative City Analysis* which provides benchmark diversity data the City of Tempe can use to evaluate their diversity progress;
2. *Vertical Evaluation* of the City's organizational structure and workforce trends with respect to diversity;
3. *Key Conflict Indicators Study* which examines key human resource systems, policies/procedures and processes that the City has in place to manage and resolve conflict;
4. *Executive Interview/Program Review* which summarizes how managers and key employees involved in the change process see the City's accomplishments, issues and challenges with respect to diversity; and
5. *Employee Survey* which provides critical insight into how employees in all parts of the organization see and experience the City's diversity change efforts.

The subsequent section summarizes the key findings identified in the Diversity Update as determined by the extensive analysis described above. The reader should note that the detailed findings for each study, including key support materials, are provided in the Detailed Findings and Appendices of this report.

The City of Tempe's Diversity Initiative – What is Working Well:

Generally speaking, we find that the City of Tempe is doing a good job with their diversity initiatives. The Comparable City study suggests that the City of Tempe is a progressive diversity leader as compared to eight benchmark cities of comparable size and workforce composition. The City has the most comprehensive approach to diversity found with key strategies and programs in all seven areas reviewed including assessment, recruitment, career development, employee involvement and training and education. Only one other city, Reno Nevada, has a diversity focus comparable in scope to the City of Tempe. The City of Tempe is clearly focused on implementing system-level change to support their diversity efforts. We commend them on their systematic, comprehensive approach.

Employees continue to support the City's diversity efforts as seen in the Employee Survey. Further, the City Manager continues to have a very strong positive image and to have high levels of trust from City employees. This is despite numerous challenges over

the past three years including a reduction in workforce. It is a positive and quite impressive finding.

We also find the Mayor and the City Council have very positive images among employees, along with key departments and entities such as Human Resources, the Diversity Office and the Tempe Employee Council.

Top leadership of the City must have the strong support of employees if they are to succeed with their diversity initiatives and we find this is, in fact, the case. A crucial finding, then, is that the foundation for a diverse workplace in Tempe remains in place. With employee support, the stage is set for positive change.

We see evidence of effective leadership in key areas of the City – the City Manager’s Office, the Diversity Office, the Human Resource Department, the Diversity Steering Committee and the 6-Sided Partnership – to name a few. These key groups are seen favorably by employees and managers and are widely acknowledged as spearheading the diversity effort in an effective, results-oriented manner. We commend these core groups and the individuals therein for their visible leadership in the changes the City is endeavoring to make with their diversity efforts.

The Vertical Evaluation Study reveals that key organizational changes have occurred since the Baseline Audit, including the establishment of the Diversity Office and the Internal Audit Department. We see these developments as vital, given the critical finding of accountability issues within the City seen in the Baseline Audit. Additionally, we find increasing diversity at the top levels of City Management. Since 2001 the City Manager has appointed, hired or promoted four women and two men. Further, city staff is more racially and ethnically diverse with the addition of two Hispanic women and one African-American male. We see this change at the top as extremely significant. This visible, concrete action to diversify management at the highest levels of the organization clearly communicates that the City is serious in its diversity efforts. Then too, increasing diversity at the top provides important role models for employees throughout the City.

Concrete progress and measurable results are found elsewhere as well. For example, the Employee Survey and Executive Interview Study indicate that the Diversity Office is trusted, well-respected and effective. It provides a safe haven to deal with issues identified in the 2001 Baseline Audit, i.e. employee concerns regarding retaliation, trust issues with managers and the like. With the addition of the Diversity Office, the safe haven concept has evolved into an effective triad which includes the Human Resource Manager and the City Attorney. Our findings indicate this triad provides a thoughtful, balanced approach to solving employee issues and concerns. In fact, we suggest formalizing this safe haven process so it is firmly established as a stand alone system.

We also see vast improvement in the personnel systems, policies and procedures the City has developed to support their diversity effort. For example, the Human Resource Department has created an effective conflict management system as determined by our review of the City’s EEOC, Merit Board and Grievance processes and procedures. Our

review found HR files that are organized, complete and processed in a timely manner. It is clear that complaints are treated seriously and professionally and employees are well-informed every step of the process. And we see a very low number of formal employee complaints during the 2002-2004 period, which suggests that the City's conflict management processes are working well. This was not the case in our Baseline Audit where we found poor documentation and follow through. We commend the City for their effective and thorough improvement of these key conflict systems.

The 2001 Baseline Audit emphasized the importance of developing long-term diversity goals to support change. It identified five focal areas: inclusion, good old boy network, bias, promotion and conflict; and, it stressed that embracing diversity requires a long-term cultural change effort. We are impressed with the City's responsive, comprehensive approach as seen in their strategic plan. The City's Diversity Action Plan includes key programs and processes designed to impact each of these five areas. Further, action items have clear owners and outcome measures. Our program review reveals that the City's plan utilizes best practices with respect to diversity in addition to their own innovations such as the 6-Sided Partnership. In our view, the City has done a good job of developing their strategic plan. Further, they have done an *exceptional job* of involving employees in the development and review of their diversity initiatives.

Finally, the City of Tempe has made inclusion the cornerstone of their diversity effort. We cannot overemphasize the importance of this key finding. As we discussed in our Baseline Audit, inclusion which involves giving employees power and a voice in decision-making, is a necessary and critical foundation for building an effective, diverse workplace. Tempe has done an outstanding job promoting inclusion as seen in their many new processes and structures, i.e. 6-Sided Partnership, Employee Forums, Employee Task Forces and so forth. These important developments are very positive indications of the comprehensive scope of change the City has been implementing over the past three years since the Baseline Audit.

In our opinion, the City is poised for success; employees are on board and they have a viable plan in place. The challenge now is effective implementation.

The City of Tempe's Diversity Initiative – Areas for Improvement:

The Employee Survey indicates that ***overall, there has been little or no change in key diversity indicators from 2001 to 2004.*** This is a very disturbing finding that merits further discussion. Closer examination of these findings suggests that those departments that are focused on diversity have seen positive results. Conversely, those departments that have not fully embraced change appear to be treading water or worse, losing ground on key diversity measures. In all fairness one might ask whether it is too soon to see significant change. The Baseline Audit was completed in 2001 and the City's Strategic Plan was formally launched in the latter part of 2003. While it is true that implementing cultural change is challenging and takes time, ***the fact is that the same departments show progress, regress or no change on multiple measures in all five studies.***

Findings from the Executive Interview Study shed additional light on what is happening in the City. Several respondents agree that a few departments, Public Works was the one most frequently cited, are doing an *outstanding job* with their diversity progress. Further, they acknowledge that others are doing a very *poor job*. In their view, ‘lagging departments’ have not given their departmental actions plans the time and attention needed to address employee concerns. According to them, some departments have not fully involved employees in the planning process and a few have not really bought into the City’s diversity initiative. Although action plans have been mandated at the department level, some do not appear to be taking serious action.

In our opinion this is a major red flag. We see this as an *accountability issue*. Lack of accountability and follow through in the City with respect to change efforts emerged as an issue in our Baseline Audit. And it has surfaced as a serious problem in our Diversity Update. In our view the City is at a critical crossroad in their diversity change process. ***Department action plans are an essential part of making effective cultural change at the work group level.*** This is where diversity issues and benefits become evident to rank and file employees. As one manager explained, “Involving employees in the decision-making process of action planning has taken the mystery out of the diversity focus.” In other words, action planning makes diversity ‘real’ because it focuses employees on the issues and opportunities that directly impact them in their work groups. And our data suggest those departments that have embraced action planning are reaping important benefits.

Another issue identified in our Baseline Audit is the Individual Development Plan (IDP.) The IDP was instituted as a pilot program in 2001. It is a voluntary, employee-initiated career development tool that replaced the City’s formal performance review process. Our review of this program indicates that some employees use it and derive benefit from it. In our opinion the IDP may be a effective *career development tool* for some employees; however, it is not an effective substitute for a formal performance review system. In our opinion, a performance review system provides the checks and balances and formal human resource oversight needed to protect employees and supervisors and to ensure fairness and equity.

Our Vertical Evaluation found several missing elements we believe the City should be tracking and monitoring to assess the effectiveness of their diversity initiatives. The ‘missing data’ issue really points to a crucial, underlying one: *the lack of a comprehensive and continuous system, with necessary staffing, for compiling, analyzing and acting on diversity data and information.* For example, adding a field that designates ‘supervisor’, ‘manager’ and ‘line employee’ in the employee database is a case in point. This information should be readily available so that the City can review its progress in increasing diversity throughout the City, especially in its management ranks. Specific recommendations on this issue are detailed elsewhere in this report. Suffice it to say, we advise that the City develop and/or hire the expertise needed to create a diversity database that is tracked and maintained within the Diversity Office. These key internal diversity benchmarks are needed to enable the City to identify diversity trends, establish goals and track results over time. This is a crucial *accountability issue*, in our view.

In sum, we see substantial change, much of it very positive, particularly in structural areas such as systems, policies and procedures and the like. These changes appear to be working well; however the tougher challenge is making effective cultural change citywide. The SOLVE program is highlighted in this report because it is a good example of how the City can make change at the cultural level. As the City moves forward with its diversity initiative, we recommend identifying additional concepts, tools and processes that can be broadly proliferated throughout the City to reinforce and support the diversity effort.

2004 Diversity Update Recommendations:

We commend the City of Tempe for taking the findings from the 2001 Baseline Audit seriously and developing a comprehensive, systematic approach to the issues identified therein. Our Diversity Update suggests that the City has made good progress in many areas, particularly with respect to system-level, structural change. Our findings also indicate that the City of Tempe is at a pivotal point in their change process, one that very well may determine success in their diversity efforts.

Our findings suggest that the City is seriously committed to diversity, despite the fact that not all departments appear to be fully on board supporting the change. *Implementation* is where the ‘rubber meets the road.’ In our view, it time to see results particularly at the work group level. Our recommendations are intended to move the City forward, addressing the key areas for improvement.

In sum, our key recommendations include:

1. **A Renewed Focus on Accountability.** We see this issue as the single, most important one uncovered in this Diversity Update. Accountability, in our view, takes two key forms:
 - a. Clear support and an unequivocal mandate from the Mayor and City Council to the City Manager to implement change efforts in all departments and all levels of the organization, and
 - b. Further identification of the obstacles to change and development of specific actions to address them by the Diversity Oversight Committee, the City Manager and the Diversity Manager. Accountability should be an immediate and continuous focus for those responsible for spearheading change.
2. **City Manager Oversight of Departmental Action Plans.** Obviously, mandating actions plans is insufficient. Plans and progress need to be monitored by the City Manager. ‘Lagging departments’ need to be confronted to determine what is needed, i.e. support and/or sanctions, to improve their performance.

3. **Implementation of a Formal Performance Review System.** As previously discussed, we see this as an important system that provides oversight and protection for employees and management. Importantly, it also provides legal protection for the City in cases of conflict or dispute.
4. **Development, Tracking and Monitoring of Diversity Benchmarks.** Here we refer to basic workforce/demographic data that should be routinely tracked and monitored, not action plan outcome indicators. We see this function as best managed by the Diversity Office. The Vertical Evaluation study elaborates what is needed.
5. **A Focus on Change at the Cultural Level.** This is an ongoing challenge in all diversity efforts. The City needs to continuously identify additional tools, concepts and processes that can be implemented throughout the City, *particularly at the work group level*. Focusing on cultural change will accelerate results, demonstrate the benefits of the City's diversity focus and bring more employees and managers on board to support the change effort. And a focus on cultural change will result in attitudes, perceptions and behaviors more reflective of and in tune with a diverse workplace: the result-a highly motivated workforce more effectively serving the citizens of Tempe.